

Norton Simon Dies, Industrialist Was 86

By Eric Pace
New York Times Service

Norton Simon, 86, the restless California industrialist who parlayed a bankrupt orange-juice bottling plant into a billion-dollar conglomerate and spent more than \$100 million amassing one of the greatest private U.S. art collections, died in his sleep of pneumonia Wednesday night.

Mr. Simon, who was stricken 10 years ago with the paralyzing neurological disorder Guillain-Barre syndrome, died at his Bel-Air home, according to the Norton Simon Museum in Pasadena.

A brooding, driving man who could multiply long figures in his head, Mr. Simon was something of a Renaissance figure among the self-made business titans of his generation.

He earned international respect as an art connoisseur and patron, and was outspoken about public affairs in California, where he made an unsuccessful bid for the Republican Senate nomination in 1970. As a University of California regent, he repeatedly opposed Governor Ronald Reagan's attacks on administrators and students.

Despite his successes, he was perennially dissatisfied. "I believe in a paradoxical way of life," he once told an interviewer. "I don't believe anything is wholly right, but both right and wrong. There is a thin line between them. There is a Chinese proverb that 'life is a search for truth, and there is no truth.'"

His daughter-in-law, Sylvia Simon, was more blunt. "Norton is always in the process of becoming," she once said. "He's always developing; he never stands still."

And so Mr. Simon gave up his seat on the board of Norton Simon Inc. in 1969, only months after he had painstakingly put the company together by merging Hunt Food and Industries, long the cornerstone of his business empire, with two other prominent concerns he controlled, the McCull Corp. and the Canada Dry Corp. The new conglomerate's produced ranged from matches to magazines to

Asked why he had quit at the relatively young age of 62, Mr. Simon said he wanted to concentrate on art collecting and his other interests. "When it got to the point that the business was more operations than creating," he said, "it was less intriguing to me."

In the years that followed, he occupied himself intensely with his art collection, which came to contain more than 5,000 objects with a total value by 1980 in the hundreds of millions of dollars. He spent \$2

SIHANOUK: Cambodian Bid

Continued from Page 1

prime minister. Hun Sen, as deputy prime ministers in the new government of a "unified Cambodian state."

He said each ministry would be directed by two co-ministers—one each from the royalists and the People's Party—and would include deputy ministers from other parties that won seats in the elections.

He said he would recognize the new 120-seat constituent assembly resulting from the elections, as well as the constitution that it is charged with writing. Under the UN peace plan, the elected assembly then becomes a parliament as the basis for a new government.

The prince also said he recognized the existence of the Khmer Rouge as part of "the Cambodian national community." But he made no mention of including the widely reviled guerrilla group in a coalition government.

His statement referred bitterly to the March 1970 coup that overthrew him, an event that evidently still rankles 23 years later. UN officials say the Thursday deal could be Prince Sihanouk's revenge, a virtual coup of his own.

In a press conference that officially broke the news of the new government, Sok An, a spokesman for the Cambodian People's Party, said the move was aimed at ensuring "a smooth transition, a smooth continuation of power." He read a statement from Mr. Hun Sen appealing to government forces to remain calm.

"This government does not intend to replace or sidestep the results of the elections, but to ensure a smooth transition and order during the transition," said Khien Kanharith, a spokesman for the Phnom Penh government. He added that Prince Sihanouk would head a "national army of Cambodia," but offered no details on how it would differ from the current armed forces, which engaged in violence against the opposition during the campaign.

Asked whether the People's Party expects to remain on an equal footing with the royalists in a future government, despite having lost the election, Mr. Khien Kanharith said this would depend on "negotiations."

He added: "It will depend on many other things, too. This is Cambodia, you know. This is an unpredictable country."

A UN legal expert described the move as "a putsch against UNTAC and the Cambodian people." He said the new government had no basis in the 1991 UN peace plan signed by Prince Sihanouk and the representatives of Cambodia's four warring factions, but seemed inspired more by "the divine right of kings."



NEW ARRIVALS—Illegal immigrants from China being escorted by U.S. immigration officers in Princeton, California, after they were taken off a fishing boat. The 105 Chinese on board were quarantined to prevent the spread of disease. U.S. immigration officials say they have intercepted boats carrying 2,500 Chinese in the past 18 months, but that many more have arrived undetected.

SPAIN: Young Voters Aren't Afraid of Franco's Ghost, Socialists Discover

Continued from Page 1

we need a degree to find a job and knowing we probably won't find one anyway," Ms. Gomez said. "Almost all last year's law graduates came back here to see if they could get a job in the university."

Today Mr. Aznar is still just 40, and although anything but a charismatic campaigner, he has found himself acclaimed in universities by young people for whom his attacks on the government echo a mounting frustration with a decade of socialism in Spain.

In this Spain, as it happens, the number of university students has doubled, to 1.2 million; the number of universities will have jumped from 33 to 51 by this autumn; the university teaching staff has risen by 50 percent, to 60,000, and the budget for higher education has quadrupled.

Over this same period, though, the country has not only consolidated its democracy, but also undergone an economic transformation. A boom between 1985 and 1990 replaced the youthful idealism of yore with a new worship of money. And in the process, expectations have been created that many young people now find difficult to fulfill.

Two problems seem to plague them and are constantly cited. "We enter university knowing

in the 1970s, he named as his successor a young man—José María Aznar—who only entered politics in 1978, three years after the dictator's death.

Recent months, the situation has become even more critical as the Spanish economy has slid into recession, with 21.7 percent of the work force unemployed. According to one recent estimate, one-third of the 3.3 million unemployed are young people—many with degrees—looking for their first jobs.

The corollary is that 70 percent of Spaniards between 18 and 29, unable to afford the high rents or high-interest mortgages that are also features of the new Spain, live with their parents, often even after they get married. "I want to leave home, but I can't," said Oscar Tejero, a fourth-year law student. "It's that simple."

Put differently, rather than rebelling against parents, many university students now depend on them. "We worry about jobs and money because it is the only way we can become independent," Ms. Echevarria explained. "It may be comfortable to live at home, but it's not normal."

As in many industrialized countries, then, today's Spanish students think more about im-

proving their own lives than about changing the world. "Only 8 percent of students vote in elections for student associations," said Alvaro Pastor, another law student. "Student politics are irrelevant."

Yet, students do talk politics—usually, it seems, to complain about the Socialist government, which has been in office for as long as they can remember. "It has become fashionable to support the Popular Party," Rubén Montero, 19, a history student, said as he prepared for end-of-year exams. "I'm going to vote Socialist anyway, but I'm almost alone."

For young people who want to vote against the government without turning right, there is still the option of the Communist-led United Left coalition. And one recent poll showed that among people between 18 and 24, its leader, Julio Anguita, and Mr. Aznar are both more popular than Mr. Gonzalez.

Even if the Socialists win a narrow victory Sunday, another generation of young conservatives is waiting in the wings. "I'm the only person in my class who supports the Socialists," said Erik Martínez, 15, a student at the private Colegio Maribel. "It's going to be very difficult for me if we lose."

THEATER: Risky Investment

Continued from Page 1

1977 and has earned about \$300 million since then.

The fact is that rising labor costs, the high price of big-name talent (stars such as Martin Short and Bernadette Peters of "The Goodbye Girl" and Mickey Rooney, who joins the cast of "Will Rogers" as Will's dad on July 6, may earn \$20,000 a week or more), and the spectacular sets and pyrotechnical effects that are expected now by audiences but which routinely cost \$1 million or more, have made Broadway shows, particularly musicals, enormously expensive.

So expensive that, with occasional exceptions ("Falsettos" is one), they have to run at least a year and sometimes much more to earn back their capital investments. The result has been not only fewer shows but, many people argue, blander ones as well.

Of course, investing in theater has always been a high-risk venture, more shows topple than soar. Always have, always will.

"But with movies, if you flop, you can still sell them in Mozambique," said Rocco Landesman, president of Jujamcyn Theatres, which owns five Broadway houses and both invests in and produces many shows.

"Even horse racing has more downside protection than the theater," he said.

Now, however, in addition to the high risk, the business of Broadway has also become low reward.

"The rule of thumb used to be that a musical should be able to pay back within six months," said Roger Berlind, who has produced and invested in 20 Broadway shows since 1976. "Now the rule of thumb is a year."

Mr. Berlind, whose successes include "City of Angels," which has returned about 150 percent on its original investment (a production is currently on in London), and whose failures include "Jerome Robbins' Broadway," said he is about even in the lottery, about half his shows have been money-makers.

"People tell me that's pretty good," he said, though he added that the potential payoff is nowhere near what it used to be. "I don't think you can look for getting back 10 times your money any more," he said.

Is it any wonder that investors are scarcer than ever? "How do you tell people to invest in something that doesn't make money?" asked one entertainment lawyer who advises corporate and individual clients on theater investments.

Indeed, the economics have become so dicey that the business of investing has dwindled to very few hands. The proverbial Broadway angels, people who put up some money and got out of the way, have more or less vanished.

KOREA: Initial Round of Talks on the Nuclear Treaty Comes to Naught

Continued from Page 1

level encounter since January 1991. The delegations were led by Robert L. Gallucci, the assistant secretary of state for political-military affairs, and Kang Sok Ju, deputy foreign minister.

In disclosing that the United States would cancel this year's exercises with South Korea if North Korea rejoined the treaty, Washington sent the clearest signal yet of a determination to give Pyongyang a way out. North Korea regards the annual exercises as a possible rehearsal for nuclear war.

Among other possible rewards for compliance, U.S. and South Korean officials said this week would be a declaration by the United States that it did not intend to use nuclear weapons against North Korea. They said that they also expected to allow North Korea to inspect U.S. military bases in South Korea to ensure that they no longer contained nuclear weapons.

President Kim Young Sam of South Korea said Thursday that Seoul would offer aid to North Korea if Pyongyang addressed international fears about its nuclear program, Reuters reported.

"We would like to make it crystal clear," he said. The South can-

the first weeks of the dispute, the mere fact of the meetings represents a success of sorts for North Korea, which had called for the talks.

But the United States has insisted that it is merely acting as an agent of the international community, and has said it may ask the UN Security Council to impose sanctions if North Korea refuses to rejoin the accord and meet its obligations.

The meeting, in the offices of the U.S. Mission to the United Nations, represented the first high-

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Italy	L.Fr. 290	125	69
Japan	Yen 300,000	275,000	150,000
Luxembourg	L.Fr. 14,000	7,700	4,200
Netherlands	Fl. 770	420	230
Norway	N.Kr. 3,500	1,900	1,050
Portugal	Esc. 47,000	25,500	14,500
Spain	Ptas. 48,000	26,500	14,500
Switzerland	S.Fr. 65,000	37,500	21,000
Sweden (normal)	S.Kr. 2,100	1,100	600
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A Friendlier Energy Tax

Three Democrats on the Senate Finance Committee — David Boren of Oklahoma, Kent Conrad of North Dakota and John Breaux of Louisiana — are threatening to hold President Bill Clinton's economic plan hostage...

pleting the current round of international trade talks. But Congress has ways to impose energy taxes that do not bump up against trade agreements.

Watch Gergen at Work

Bill Clinton and David Gergen are being jointly denounced on both left and right as unprincipled for last week's decision whereby Mr. Gergen, who was an important aide in the Reagan White House, will now become an important aide in the Clinton White House as well.

come tax rates and a higher deficit to match. But if supporting the Reagan tax program is grounds for reading someone out of the Clinton administration — well, Mr. Gergen has company.

Victory for Guatemalans?

As a rule, military coups do not produce wholly positive results, and the Guatemalan army's ouster of President Jorge Serrano Elias on Tuesday is unlikely to prove the exception.

neted Mr. Serrano's removal, and Vice President, Gustavo Espina Salguero, who takes over as acting president, keep their promises to restore full constitutional rule, they will surely gain broad public approval.

Other Comment

Immigration Time Bomb

European Community interior ministers are about to examine measures to control immigration. What would have been almost a routine meeting has assumed dramatic connotations after the events in Germany.

Otherwise, we will find ourselves atop a time bomb that we ourselves built. — Il Giornale (Milan).

He Needs to Define Clinton

Bill Clinton seems to be heading down the Carter track. His strategy on Bosnia — talk loudly and carry a small stick — has been an embarrassing shambles.

Bill Clinton seems to be heading down the Carter track. His strategy on Bosnia — talk loudly and carry a small stick — has been an embarrassing shambles.

Consolidate Cambodia's Gains Quickly

By William Shawcross

PHNOM PENH — Cambodia is in a new crisis as the ruling party comes face to face with its defeat in last week's elections. The party and the regime it represents are close to direct confrontation with the United Nations.

The elections were a triumph above all for the people. But they were also a triumph for the UN Transitional Authority in Cambodia. UNTAC has had many setbacks. It failed to bring disarmament, a neutral political atmosphere and reconciliation.

The first urgent need is to pay the armed services, police and civil service. Delay is the enemy of promise in Cambodia.

pect to lose. In power since they were installed by Vietnam 13 years ago, they believed that they had intimidated the population so thoroughly that the majority would certainly vote for them.

to believe their superiors' threats that they have no future underFUNCINPEC and had better help resist democratic change. To restore the salaries to the level of two years ago would cost around \$9 million a month.

Democrats in Russia Welcome Western Scrutiny

By Flora Lewis

MOSCOW — One after another, the Russian speakers pointed out that lurid anti-Semitism, even charges of ritual murder which, general in Pravda, has again become a common currency of Russian politics.

some kind of official sponsorship to mount a show. There is a real sense of wariness for the country, of both opportunity and great risk. Nobody wants to know where it is going, or why it is back to communism as it was, but the possibilities are various and the mood at once frightened and defiant.

Decent Germans Need More Muscle and Less Fear

By Robert B. Goldmann

KIEL, Germany — Again people have been burned to death in a German city. Again they were targeted only because they were foreigners, although some had lived in Germany for decades or even born there.

the common culture — once they face up to being immigration countries. What remains is for all German institutions, official and private, to face the realities of 1993, when foreigners are mostly tourists and Germans pray in mosques.

Where Is Kohl When the Victims Need Him?

By Michael Kallenbach

BERLIN — When the firebombing of a foreigners' residence in the German city of Solingen claimed the lives of five Turkish women, the German public and most politicians responded spontaneously with sympathy.

At a recent press seminar organized by the Bertelsmann Foundation, a Kohl aide, Friedrich Bohl, who heads the federal chancellery, failed to recognize the need for constructive action.

Germany Has to Put a Stop to the Outrage

HAVING CLOSED the door to a flood of asylum-seekers, Germany appears to have opened the door to more neo-Nazi outrages against foreigners.

Foreigners living in Germany are appalled at Mr. Kohl's apparent lack of concern. In Britain, members of the royal family are known to battle it out with prime ministers as to who should be the first to visit a crime scene to express solidarity with the victims.

Learning The Ropes At State

By William Safire

WASHINGTON — Bill Clinton has made two major forays into foreign affairs so far. His first was a winner: The embrace of Boris Yeltsin at the Vancouver summit probably helped democratic reformers increase the size of their victory in the Russian referendum.

1. Warren Christopher may be the most inept secretary of state since Edward S. Sullivan. Trained under Cyrus Vance in the Carter era, he may never have developed the necessary assertiveness. Instead of interpreting "consult" in the traditional way as "show respect in lining up their support," he may think it now means "see what they think." Call this the incompetent possibility.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1893: A Lethal Round PARIS — Two officers were killed on a military shooting range in the South of France yesterday (June 3), owing to the bursting of a cannon that had not previously been fired.

1918: Our Daily Bread LONDON — At a Labor conference, convened by the Education and Propaganda Branch of the Food Survey Board, a woman's representative complained of the high price charged for bread in view of the ingredients used.

1943: A Yangtze Grave CHUNGKING — [From our New York edition.] Aided by air power on a large scale for the first time in the war, Chinese forces have broken the back of the Japanese offensive in central China and tonight are standing on the west bank of the Yangtze River or opposite Ichang, menacing that important Chinese base.

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OPINION

Moderate Gergen Will Roil The White House Waters

By E. J. Dionne

WASHINGTON — Whenever Bill Clinton got into trouble during his presidential campaign, he would change quickly into his "new Democrat" clothes and start talking tough about crime, welfare reform, "personal responsibility," national service, middle-class tax burdens and the evils of "tax-and-spend."



The Cartoonist: Peter Swiderski. Los Angeles Times Syndicate.

Marilyn and Bobby: Fiction Built on Malicious Fantasy

By Donald Spoto

NEW YORK — This Sunday brings the 25th anniversary of Robert F. Kennedy's death. In August it will be 31 years since Marilyn Monroe's.

MEANWHILE

weary old fantasies of a love affair between Mr. Kennedy and Miss Monroe — an affair that supposedly led to her death. This has been an appalling vilification of two good and decent people — a rumor utterly without foundation.

LETTERS TO THE EDITOR

Optimistic About Poland

Regarding "In Poland, Reform Has Meant Pain and Division" (Opinion, May 5) by Konstanty Gebert: I work in Poland for a U.S. group that channels voluntary assistance from the United States to Eastern Europe.

Stop the Testing Now

The editorial "Half Nuclear Tests" (May 26) gets it just right. To stop vertical and horizontal proliferation and strengthen the Nuclear Nonproliferation Treaty, all nuclear testing must finally stop, and it must stop now.

Democracy and Wealth

Regarding "This Way or That, Get On With Good Government" (Opinion, May 6) by Tommy Thong-Bee Koh: Singapore's ambassador-at-large says he believes that "it is possible, on the basis of evidence, to assert that economic development will lead to demands for more political openness."

A Referendum on Guns

Regarding "For Japan, Acquaintance With Worst View of U.S." (May 25): The death of Yoshitiro Hattori must be incomprehensible to his parents and friends, indeed to all Japanese people. I am an American and I don't understand it. I hope and believe most of my fellow Americans don't understand it either.

Good-Bye Red, Hello Green

With the collapse of corrupt socialist governments in France and Italy, it appears ever more likely that socialism, following communism, is dead, not only as a workable political system but as a meaningful ideology.

THE FIRST IHT/IFI CONFERENCE ON GLOBAL FUND MANAGEMENT WHICH WAY ARE THE MARKETS MOVING? THE EXPERTS FROM AROUND THE WORLD DEBATE THE TRENDS ON JUNE 9 & 10, 1993 AT HYATT CARLTON TOWER, LONDON

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MARKET DIARY

Economic Concerns Rattle Wall Street

Compiled by Our Staff From Dispatches NEW YORK — Shares fell Thursday as the market braced for Friday's expected release of U.S. jobs data amid growing concerns about the economy and the direction of interest rates.

The Dow Jones industrial average declined 8.58 points to 3,544.87, closing above its session low of 3,531.86.

Declining shares led advancing issues by more than 8 to 7 on the Big Board. Trading was active with about 279.9 million shares changing hands, roughly in line with Wednesday volume.

Retailing issues paced the market's retreat as some of the nation's biggest chains reported disappointing May sales.

With the stock market at record levels, not having good news makes for nervous investors, said Barry Bernman, head trader at Robert W. Baird & Co. in Milwaukee.

Dayton-Hudson Corp. fell 3/4 to 66 1/2 after saying that revenue from shops open at least one full year rose just 1.1 percent last month.

Among other retailers, Sears fell 1 1/2 to 44 1/2 after reporting that car sales rose 13.3 percent and truck sales rose 22.1 percent in late May.

Ford was up 2 1/4 to 55 1/4 after reporting that car sales rose 13.3 percent and truck sales rose 22.1 percent in late May.

Allstate's stock rose to 29 1/4 in its first day of trading, or 2 1/2 above the initial public offering price.

Brilliance China Automotive Holdings Ltd. fell 1/4 to 16 1/4 after a First Boston Corp. analyst expressed concern about the effects of China's decision to remove foreign-currency controls.

Seagui Plans Reform The London Stock Exchange said Thursday it would update its own Seagui trading system during the next two years rather than adopt the one developed by Nasdaq.

The U.S. economic recovery isn't as strong as people thought, and that leaves the dollar on the defensive, said Lisa Finstrom, currency analyst at Shearson Lehman Brothers.

A report showing weak economic growth in Germany prompted traders to sell marks against most currencies Thursday, traders said.

Ms. Finstrom said there was "no obvious reason" to buy dollars or marks at the moment with Germany in recession and the U.S. recovery looking questionable.

Most traders expect data to show that the economy added about 140,000 jobs in May.

Peter Dembinski, senior trader at Bank Julius Baer, said that next week's producer and consumer price reports due June 15 would be more important than the unemployment data.

Big increases in those figures could prompt the Federal Reserve to raise interest rates to curb inflation and strengthen the dollar.



Vis Associated Press June 3

Standard & Poor's Indexes

Table with columns: High, Low, Close, Change. Rows include Composite, Industrials, Financial, and Utilities.

NYSE Most Active

Table listing top NYSE trading volume with columns: Vol., High, Low, Last, Chg.

AMEX Most Active

Table listing top AMEX trading volume with columns: Vol., High, Low, Last, Chg.

NYSE Diary

Table listing NYSE trading activity with columns: Adv., Decl., Net, Total.

AMEX Diary

Table listing AMEX trading activity with columns: Adv., Decl., Net, Total.

NASDAQ Diary

Table listing NASDAQ trading activity with columns: Adv., Decl., Net, Total.

Table titled 'Dow Jones Averages' showing various market indices and their performance.

Table titled 'Standard & Poor's Indexes' showing performance of different market sectors.

Table titled 'NYSE Indexes' showing performance of NYSE market segments.

Table titled 'NYSE Most Active' listing top trading volume.

Table titled 'AMEX Most Active' listing top trading volume.

Table titled 'NYSE Diary' showing daily trading statistics.

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Table titled 'EUROPEAN FUTURES' showing futures contracts for various commodities.

Table titled 'Food' showing futures for agricultural products.

Table titled 'Metals' showing futures for industrial metals.

Table titled 'Financial' showing futures for financial instruments.

Table titled 'Grains' showing futures for various grain products.

Table titled 'Livestock' showing futures for animal products.

Table titled 'Energy' showing futures for oil and other energy sources.

Table titled 'Softs' showing futures for soft commodities like cotton.

Table titled 'Cattle' showing futures for livestock.

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Table titled 'Hogs' showing futures for meat products.

Table titled 'Feeder Cattle' showing futures for young livestock.

Table titled 'Cattle' showing futures for livestock.

Table titled 'Pork' showing futures for meat products.

Table titled 'Hogs' showing futures for meat products.

Table titled 'Feeder Cattle' showing futures for young livestock.

Table titled 'Cattle' showing futures for livestock.

Table titled 'Pork' showing futures for meat products.

Table titled 'Hogs' showing futures for meat products.

Table titled 'Feeder Cattle' showing futures for young livestock.

Table titled 'Cattle' showing futures for livestock.

Table titled 'Pork' showing futures for meat products.

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Table titled 'Feeder Cattle' showing futures for young livestock.

Table titled 'Cattle' showing futures for livestock.

Table titled 'Pork' showing futures for meat products.

Table titled 'Hogs' showing futures for meat products.

U.S. / AT THE CLOSE

Rhône-Rorer Buys Into Cell Therapy NEW YORK (Bloomberg) — Rhône-Poulenc Rorer Inc. said Thursday it agreed to sell its cell therapy division to Applied Immune Day it would pay \$113 million for a 37 percent stake in Applied Immune Day Inc., a small California company, which gives the drug giant access to technology in the growing fields of cancer and gene therapy.

Kodak, Roche, Chiron End Dispute ROCHESTER, New York (Reuters) — Eastman Kodak Co., Hoffmann-La Roche Inc. and Chiron Corp. said Thursday they had resolved their dispute over the rights to polymerase chain reaction technology in vitro diagnostics.

Fieldcrest to Sell Carpet Division EDEN, North Carolina (AP) — Fieldcrest Cannon Inc. said Thursday it agreed to sell its carpet and rug division to Motak Industries Inc. for about \$140 million.

Prodigy Explores Leap Into Cable TV NEW YORK (AP) — Prodigy, one of the nation's largest home-computer information services, will develop products for two-way cable TV and other businesses using its network, the company said Thursday.

AT&T Enters Video-Game Market CHICAGO (Bloomberg) — American Telephone & Telegraph Co. Thursday jumped into the \$6 billion video game industry, announcing plans for a device allowing owners of Sega Genesis to compete with players in other cities over standard phone lines.

For the Record Fidelity Investments' mutual funds disclosed Thursday they own an 11.8 percent stake in UAL Corp., making them collectively the largest single shareholder in the parent of United Airlines.

WORLD STOCK MARKETS

Large table showing world stock market indices for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Singapore, Zurich, and Stockholm.

VW: \$5.46 Billion in Cuts Planned

Continued from Page 11 evidence" to proceed with a formal investigation.

Volkswagen management rejected Opel's allegations, calling them part of a campaign by GM to discredit Mr. Lopez and Volkswagen.

Mr. Pösch, at the annual meeting, said that VW had "no need to borrow from its competitors." He confirmed that Mr. Lopez retained a key role in VW's efforts to bring costs under control.

Mr. Pösch said VW planned to reach its cost-cutting goal this year without cutting wages, calling that the wrong way to achieve savings.

He also said the company's Audi AG unit was likely to be the first VW operation to achieve a company goal of breaking even while operating at less than 70 percent of capacity.

To Our Readers

Stock prices from Sao Paulo were not available for this edition due to problems at the source.

Table showing stock prices for various companies in Sao Paulo, including Alcatel, Amstel, and others.

ASDAQ

Table showing ASDAQ market data, including various stock indices and commodity prices.

APR 10 1993

Handwritten note in the top right corner.

Headline Makes Bid For Hodder

LONDON — Hodder & Stoughton Holdings Ltd., one of Britain's oldest and most prominent publishers, has agreed to be acquired by the rapidly expanding company...

Headline's chief executive, Tim Hely-Hutchinson, said the new group, which would have annual sales of around £80 million, aimed to maintain Headline's record of profitability...

Headline was founded seven years ago and publishes a broad range of titles. It has increased sales, profits and earnings per share every year since 1988...

Mr. Hely-Hutchinson said the newly formed group would have more than 6,000 active titles in print and would aim to publish around 1,500 new books a year.

BT-MCI Deal a Pacesetter

Venture Seen as Rallying Call for Alliances

LONDON — The \$1 billion partnership between British Telecommunications PLC and MCI Communications Corp. has put pressure on major European telecommunications companies to forge alliances...

The BT deal, announced on Wednesday, followed news last week that American Telephone & Telegraph Co. had linked up with several international companies...

Outwardly France Télécom and Deutsche Telekom will remain cool and calm but inwardly there will be a feeling of unease, said Nicholas Williams, industry analyst at Deloitte Touche...

Richard Ryder, European and global equity coordinator at Salomon Brothers, agreed: "These deals leave Deutsche Telekom and France Télécom on the sidelines."

Mr. Williams and other analysts said that a handful of global operators might emerge in the business market but it would be more difficult to become a global operator in other markets...

"The seamless provision of global telephony services is still far from a reality. It isn't a straightforward industry like retail where you can get a number of players that stick up the market," Mr. Williams said.

"For example there are international carriers that are not phone companies like Intelnet and Inmarsat," he added. "These are carriers that will likely remain independent, making circuits available to any phone company in the world."

In the business sector competition can be fierce. Evan Miller, European telecommunications analyst at Lehman Brothers, said that Germany's regional electric companies were building fiber optic networks and sophisticated data networks...

that may be used to compete with Deutsche Telekom for business customers.

Still, global — particularly business — traffic is the multibillion-dollar prize, a fact not lost on Deutsche Telekom, France Télécom or others even before the recent deals. The two groups have ranked second and third, respectively, after AT&T in the league table of international carriers.

In March last year the two set up a joint subsidiary, Eumetcom, to provide a range of international services. They have stated they are looking for a U.S. and an Asian partner, a search that had led to talks with both AT&T and MCI.

The formation of Eumetcom followed Deutsche Telekom's decision not to take part in BT's Synco cordia global outsourcing service for multinational companies. It decided not to join because BT wanted it to be only a junior partner and refused to let France Télécom participate. Synco cordia is now being merged into BT's new venture with MCI.

Other global communications ventures in Europe include Unisource, which is jointly owned by PTT — an Netherlands, Swedish Telecom and Swiss PTT Telecom.

Three other carriers — Tele Danmark, Telecom Finland and Norwegian Telecom — have indicated they would like to join Unisource to form a Nordic telecommunications trading bloc.

"So far Eumetcom and Unisource are mainly an expression of a future wish to collaborate and to move their regulatory environments in unison," Mr. Ryder said.

But he and others say Eumetcom in particular may now be prompted to join either the AT&T or BT camp, especially as both groups have indicated they would like other European partners.

They said the pace of deregulation of telecommunications markets in the European Community, due to happen in 1998, was not a major factor in such considerations.

But Mr. Ryder added: "If Eumetcom did join the AT&T or BT venture, it would be interesting to see if regulators would feel it necessary to allow the other access to Germany."

Sweden and Volvo Decide to Divide Procordia in Two

STOCKHOLM — Another step in the Swedish government's plan to privatize state property was announced Thursday, when Volvo AB said it would become sole owner of a new food company split from the pharmaceutical and food giant Procordia AB.

The deal between the government and Volvo, the major owners of Procordia, solved problems that had prevented the sell-off last year, when Volvo's shares were worth much less.

"This strengthens the Swedish intention to develop Swedish industry in Europe and spread the ownership of industries in Sweden," Prime Minister Carl Bildt said at a news conference held with Volvo's chairman, Pehr G. Gyllenhammar.

According to the deal, what is left of Procordia will focus on pharmaceuticals and remain mostly in the hands of the state — with Volvo holding 25 percent — until complete privatization by 1995. However, Mr. Bildt's government faces re-election in 1994, and a return to power by Social Democrats could halt the privatization process.

Volvo and the Swedish state held almost equal voting rights of about 43 percent each in Procordia, which has been on the conservative government's list for privatization since 1991.

Last year, Procordia had revenue of 40 billion kronor (\$5.6 billion) and a pre-tax profit of 4.8 billion kronor.

Procordia's food group, to be re-

named Branded Consumer Products, represents more than half of Procordia's revenue and made a profit last year of 2.1 billion kronor.

Volvo is swapping Procordia shares for shares in BCP, which puts Volvo's share of that company at 74 percent. Later, Volvo will make a public offer for the remaining BCP shares, and if that bid is accepted, Volvo will be the sole owner.

Two Bourses Link Markets

FRANKFURT — The Deutsche Börse AG, the body that coordinates the German stock exchanges, said Thursday it had signed a letter of understanding with the Paris Bourse aimed at allowing traders in each country's exchange to make transactions in the other.

Exchange officials said the cooperation could extend to other countries but that the discussions were at an early stage. The German futures exchange, or Deutsche Terminbörse, already has a similar agreement with MATIF, its French counterpart.

Rolf Breuer, chairman of the German exchange, said the decision reflected the vision of a future European exchange.

Investor's Europe

Table with columns for Exchange, Index, Thursday Close, Prev. Close, and % Change. Rows include Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam CBS Trend, Brussels Stock Index, Frankfurt DAX, Frankfurt FAZ, Helsinki HEX, London Financial Times 30, London FTSE 100, Madrid General Index, Milan MIB, Paris CAC 40, Stockholm Aftersvevdelen, Vienna Stock Index, Zurich SBS.

Very briefly:

- Hermès International said its offering of 425,000 shares on the Paris Bourse was oversubscribed 34 times, and 293 percent of orders were satisfied at the issue price of 300 francs (\$55); family shareholders reduced their stake to 81.37 percent from 90 percent through the offer.
• Pilkington PLC made a joint bid with Techint Finanzsaria to buy state-owned Societa Italiana Vetrol SpA from the Italian government.
• Société Suisse Microélectronique & d'Hodologie SA, Switzerland's biggest watchmaker best known for its Swatch, reported a 64 percent jump in 1992 group net profit, to 413 million Swiss francs (\$290 million).
• Ente Nazionale Idrocarburi, Italy's state-controlled energy and chemical holding company, reported a loss of 815 billion lire (\$560 million) for 1992 because of restructuring charges and higher debt costs. This compared to a profit of 1,081 trillion lire the year before.

Troubles Abound at U.S. Enterprise Fund for Hungary

By Henry Copeland

BUDAPEST — In 1989, when the U.S. Congress created the concept of the Enterprise Fund to aid aspiring capitalists in Eastern Europe, it freed the funds from many of the reporting requirements that accompany traditional foreign aid. Since then, the independently managed enterprise funds have been widely praised for disbursing money quickly and creatively, and the Clinton administration is preparing plans for a \$300 million fund in Russia.

But some U.S. legislators fear that the enterprise funds are too independent.

Now as Congress considers whether to unfreeze the \$135 million grant this year for one of the operations, the Hungarian American Enterprise Fund, the fund is busy explaining discrepancies between a draft report and final internal report that deals with what the first draft calls "double billing" at its wholly-owned investment banking affiliate, EurAmerica Capital Corp.

Unofficial copies of the draft report have been circulating in Budapest's financial community.

The Hungarian fund's president, Alexander Tomlinson, who also serves without compensation as chairman of EurAmerica Capital, says he sent the fund's chief financial officer to inspect EurAmerica after "rumors circulated in Budapest's press" in April about the firm.

Reporting in the draft on his trip, the financial officer, Thomas Hughes, wrote that managers at EurAmerica Capital had "confirmed" billing the same expenses "to multiple clients." The "double billing" was estimated to be less than \$10,000.

Asked about the matter, Mr. Hughes now says "no double billing was intended or had occurred" at EurAmerica. He says his conclusion will be confirmed this month by the Budapest office of the accounting firm Coopers & Lybrand, which is conducting an audit of EurAmerica. Coopers & Lybrand declined to comment.

The apparent contradiction between the final version and the leaked draft comes at an awkward time

for the Hungarian fund, as it is waiting to have its U.S. government grant unfrozen.

The fund has already been criticized for not being forthright with Congress. Last week, the foreign operations subcommittee of the House Appropriations Committee noted "sharp criticism of H.A.E.F.'s failure to follow publicly stated policies, [and] its investment in EurAmerica including high compensation levels without notification to Congress."

On March 31, Representative David Obey, the Wisconsin Democrat who heads the subcommittee, criticized the Hungarian fund for trying to "get around our express desires for salary limitations."

EurAmerica pays two managers at least \$300,000 apiece, despite what Mr. Obey called an agreement with his panel that executive pay at the funds be limited to \$150,000.

Mr. Tomlinson counters that "EurAmerica is not part of the enterprise fund nor a creature of the U.S. government."

In the draft report, Mr. Hughes noted, "A brief inspection of the books indicated that some reimbursable expenses — that is expenses incurred by EAC and reimbursed to them by their clients — have been billed to multiple clients. This has been confirmed by EAC management and their accounting systems consultant."

Mr. Hughes said in a recent interview that the document is a "very early draft" and "slippery" in wording. "Upon later refinement," Mr. Hughes said, "I actually found out that none of this stuff was double billed — that this was the antiquated equivalent of sticking a bunch of 'Post-its' on a board." The postings were intended to record which prospective clients might be billed only if business resulted from a trip, he said.

The earlier draft, however, suggests that EurAmerica's management had offered a rationale: "Management explains this double billing was done only in cases where trips were made on behalf of multiple clients and only then when necessary to recover other expenses not directly billable to those clients."

Invesco Fined \$1.2 Million In Maxwell Pension Case

LONDON — Invesco MIM PLC was fined £750,000 (\$1.2 million) on Thursday for mishandling the pension fund of Mirror Group Newspapers PLC, which was looted by the late media tycoon Robert Maxwell, and other client accounts.

The Investment Management Regulatory Organization also ordered Invesco to pay costs of £1.6 million on 55 admitted breaches.

Three of those related to Mirror Group, where Invesco failed to keep the regulators fully informed of its concerns about the way in which pension assets under its management were being used, according to a statement.

Invesco admitted parting with shares without instructions and not informing Mirror pension trustees when it no longer held investments managed on their behalf.

Mr. Maxwell drowned in 1991 and was later found to have plundered more than £450 million in pension money to prop up his crippled corporate empire.

Invesco, which manages £40 billion worldwide for more than a million client accounts, said the events happened during a period of rapid change, and it had since rectified the situation.

NASDAQ Thursday's Prices. Table with columns for 12 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Chg. Multiple columns of stock data.

AUTOS: EC Getting Tougher on Japanese Cars

Under the April agreement, transplant production is expected to rise to between 450,000 and 500,000 vehicles this year from 320,000 in 1992, commission officials said. Freezing the Japanese market share would require a further cut in exports this year of 250,000 to 300,000 vehicles, Mr. Lapeu estimated. Any new negotiations threaten to expose divisions between the seven EC countries that do not restrict Japanese imports and the five that do: France, Italy, Spain, Portugal and Britain. These five countries — their quotas range from about 2 percent of the market in Italy to 11 percent in Britain — imported only about 340,000 Japanese cars last year and were scheduled to lift that to nearly 400,000 this year. If the EC seeks export cuts, the bulk of them will be sought by Germany in the seven open markets. The April agreement, however, was based on an understanding that the supply of Japanese cars would not be restricted in the open market, the commission official said. Still, he said, the commission believed Japanese automakers had the flexibility to target more transplants to the open countries to make up for any new export reductions. The commission hopes that talks can begin later this month or in July. The April agreement calls for a review of the market every six months. Talks had been scheduled for September, but EC officials said that would be too late to have an impact on exports in 1993. According to the European carmakers' association, sales in the first four months of this year were down 31 percent in Spain, 29 percent in the Netherlands, 21 percent in France and Belgium and 20 percent in Germany and Italy.

NYSE Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press (Continued)

Table with columns: 15 Month High Low Stock, Div, Yld, PE, 100s, High, Low, Last, Change. Lists various stocks and their prices.

Table with columns: 15 Month High Low Stock, Div, Yld, PE, 100s, High, Low, Last, Change. Lists various stocks and their prices.

INTERNATIONAL FUNDS

June 3, 1993

Large table listing various international funds with columns for fund name, share price, and other details. Includes sections for 'INTERNATIONAL FUNDS' and 'AMERICAN FUNDS'.

Large table listing various international funds with columns for fund name, share price, and other details. Includes sections for 'INTERNATIONAL FUNDS' and 'AMERICAN FUNDS'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

Large advertisement for Northwest Air, featuring the slogan 'China Take' and 'Flying Yuan'. Includes a stylized image of a person and the Northwest Air logo.

China Takes On Black Market By Floating Yuan, It Seeks to Save Currency Reserves

Bloomberg Business News
HONG KONG — Beijing's decision Tuesday to allow the yuan's value to float in Chinese currency-exchange centers is a daring effort to crush China's foreign-exchange black market and marshal the nation's hard currency reserves, analysts said here.

If the gambit works, China's latest drive toward monetary reform could receive a big boost. However, the move is fraught with risks for the Chinese economy, which now appears to be growing at an astounding 14 percent rate this year, according to a new government report. The floating yuan immediately started sinking, meaning that foreign companies would get less hard currency for their yuan, and that could place pressure on their profits in China.

Hong Kong Stocks Plummet

Compiled by Our Staff From Dispatches
HONG KONG — Stock prices plummeted as some investors panicked over a plunge in the value of the yuan on China's foreign-exchange swap markets. The Hang Seng index of top shares dropped 166.94 points, or 2.28 percent, to end at 7,155.29, after falling 33.58 points Wednesday.

Some investors feared that as the Chinese government tried to rein in rampant inflation, it would drive the booming Chinese economy into a tailspin, brokers said. With the market looking for an excuse to consolidate after a 50 percent run since December, investors started heavy selling of companies whose mainland profits could be devalued by the yuan's tumble. But for many Hong Kong companies that have moved their factories to China in recent years, the devaluation was good news. Such companies, notably manufacturers of toys, electronics and sports shoes, will export most of their output to North America and Europe for hard-currency revenue.

has been under pressure as it has tried to defend the yuan's high value. "In order to preserve our foreign-exchange reserves, we have had to allow the market rate to float," said one official with the People's Bank of China, who asked not to be identified.

According to SBCI Finance Asia Ltd., which cited local Chinese news reports as its source, China's foreign-exchange reserves plummeted from \$19.4 billion to around \$10 billion in the first quarter of 1993 as the government propped up the yuan. There are essentially three exchange rates in China: the official rate, the swap market rate and the black market rate. The official rate, which tourists and state enterprises use, is pegged at an artificially high 5.72 yuan to the dollar. The swap-market rate, now hovering around 10, is the one companies use to change their yuan into hard currency to purchase imports, pay salaries and repatriate profits. By allowing that rate to be set by the market, China is essentially putting the black-market rate on the street. The black-market rate Thursday in Beijing was around 10.3 to the dollar — almost even with the swap-market rate, which still this week had been far lower. "It is a bold step, and it is fraught with dangers. This is great stuff and classic market economics. I think to think it will probably just about work," said Peter Churchill, regional research director at Morgan Stanley. Although freeing swap market rates will make matters worse in the short term, analysts said, freely floating exchange rates are necessary if China is to preserve its supply of hard currency, which

U.S. Fails to Save Manufacturers of Chip Equipment

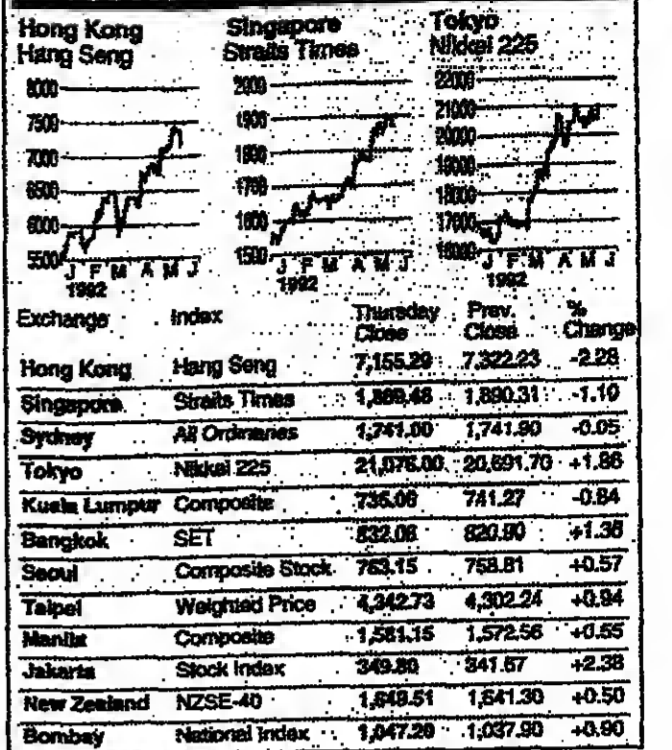
By Andrew Pollack
New York Times Service

TOKYO — An effort by the U.S. government and the American semiconductor industry to save American manufacturers of a vital type of machinery used to make computer chips is ending in failure, American industry officials here said.

One of the last two major U.S. manufacturers of that equipment, Silicon Valley Group Inc., has concluded that it cannot continue on its own. It is negotiating an agreement to license what is considered highly promising technology to a Japanese competitor, Canon Inc., in exchange for financial assistance. But U.S. industry officials, apparently feeling that competition along national lines is waning, seem relatively unconcerned about the development. They say the essential thing is to preserve Silicon Valley Group as a going entity.

The other major American manufacturer, GCA Corp., went out of business last month. Together, the developments mean that American semiconductor companies will continue to be almost completely dependent on Japanese suppliers for the chief tool used to make future generations of computer chips. "The U.S. effort to create an independent lithography business has failed," said G. Dan Huicheson, president of VLSI Research Inc., a market research company in San Jose, California. Lithography is the process by which microscopic circuits are imprinted on a silicon chip. One of the primary goals of Sematech, the U.S. semiconductor industry consortium that is partly financed by the federal government, was to preserve an American ability to manufacture chips and it poured

Investor's Asia



Exchange Index Thursday Close Prev. Close % Change
Hong Kong Hang Seng 7,155.29 7,232.23 -2.28
Singapore Straits Times 1,809.48 1,890.51 -1.10
Sydney All Ordinaries 1,741.00 1,741.90 -0.05
Tokyo Nikkei 225 21,076.00 20,691.70 +1.86
Kuala Lumpur Composite 736.06 741.27 -0.84
Bangkok SET 833.08 820.90 +1.36
Seoul Composite Stock 763.15 758.81 +0.57
Taipei Weighted Price 4,342.73 4,302.24 +0.94
Manila Composite 1,581.15 1,572.56 +0.65
Jakarta Stock Index 349.80 341.57 +2.38
New Zealand NZSE-40 1,549.51 1,541.30 +0.50
Bombay National Index 1,447.29 1,037.90 +3.90

Very briefly:

- Taiwan and Thailand are Asia's biggest purveyors of pirated music and the region accounts for nearly half the world's illegal recordings, a report by the International Federation of the Phonography Industry said.
- Taipei and Beijing have agreed to discuss strengthening legal protection for Taiwan's investment in China, a Taiwan representative said.
- Yamaichi Securities Ltd. became the first Japanese brokerage to open its doors in Taiwan since World War II.
- Hong Kong's retail sales in March were a provisional 13.6 billion Hong Kong dollars (\$1.8 billion) up 13 percent from the year-earlier month.
- Bayerische Motoren Werke AG and Mercedes AG Holding are in "serious discussions" with the Philippine Board of Investments on assembling cars for the Philippine market, a senior board official said.
- The Philippines is postponing until September talks with the International Monetary Fund on a new economic program, an official said.
- Hitachi Ltd. said it would merge its financial information systems, industrial information systems and information systems routing divisions into a single information system division.
- Japan sold a net \$493 million in foreign stocks in April, compared with \$330 million of net purchases in March, the Finance Ministry said.

Northwest Air Taking Canberra to Court

Compiled by Our Staff From Dispatches
MINNEAPOLIS — Northwest Airlines said it would go into Australian federal court on Friday to ask a judge to block restrictions imposed on its three weekly flights between Sydney and Osaka, Japan.

Northwest will argue that limitations imposed by Australia earlier this week — which kicked off an airline war between the two countries — violate a 1952 bilateral aviation treaty. On Thursday, the Australian transport minister

accused Northwest of falsely reporting passenger loads and an Australian tourism industry official, Sir Frank Moore, asked that the dispute be resolved by outside arbitrators. Transport Minister Bob Collins charged that Northwest breached an agreement when Osaka-Sydney passengers averaged 75.6 percent of the loads. A Northwest spokesman said that because of the 1952 treaty the airline does not recognize a 50 percent limitation on passenger loads from Japan, but had agreed to it under

duress. "They came to us three days before service was set to begin in October 1991," said a Northwest spokesman. Australia this week ordered Northwest to cut one of its three New York-Osaka-Sydney flights by June 30. The United States then ordered Australian Qantas Airways to withdraw from three of 10 weekly Sydney-to-Los Angeles services by the end of June.

COMPANY RESULTS

Revenue and profits of companies, in millions, are in local currencies unless otherwise indicated.

Country	Company	Year	Revenue	Profit
Japan	Asahi	1992	1,310	110
	Fuyo	1992	1,110	110
	Sanwa	1992	1,110	110
Britain	British Gas	1992	2,717	416
	British Petroleum	1992	2,717	416
	British Telecom	1992	2,717	416
France	Elf	1992	2,717	416
	SNCF	1992	2,717	416
	Suez	1992	2,717	416
United States	Alcoa	1992	2,717	416
	Aluminum	1992	2,717	416
	Steel	1992	2,717	416

Sega Routs Nintendo on JAL's Consoles in Sky

Reuters
TOKYO — Computer games are battling for the sky. Japanese Airlines said Thursday it would replace its in-flight Nintendo consoles with Sega games on some major international routes starting July 1.

JAL now provides Game Boy, made by Nintendo, on five international routes, but will replace it with the Sega games on flights between Tokyo and New York, London and Paris because a five-inch (12.8-centimeter) color

screen is considered more attractive than Game Boy's black-and-white screen. The Sega-JAL machine will also be installed on Tokyo-San Francisco flights. The color machines were jointly developed by Sega Enterprises and JAL, using Sega computer-game expertise and JAL input on passenger-friendly machinery.

First-and business-class passengers can use the games free. JAL will provide six kinds of game software, including Sega's Sonic the Hedgehog 2, computer mah-jong and computer golf. Passengers can bring their own games, too. The airline will continue to provide Nintendo's Game Boy on flights between Tokyo and Los Angeles and Washington, and may extend it to some other routes.

AMEX

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Extensive financial data tables including stock prices, market indices, and company performance metrics. Includes sub-sections for 12 Month High/Low, Dividend Yield, and various regional market indicators.

OBSERVER

A Case of Tonsorialists

By Russell Baker
NEW YORK — No, I'm not new about the president taking his business to another tonsorialist. If he thinks Cristophe of Beverly Hills can give him a better trim than Larry of Little Rock, O.K., he's the president, it's his hair, more power to him.

public don't trust a governor when they can't see his ears. If you want to get re-elected you'd better let me use clippers.

One day he came in here with Gore and that Stephanopoulos fellow and good to me, said, "Larry, these two good old boys both need a trim, clippers on the side."

I said what was wrong with old-fashioned. Next she'd probably want me to quit having True Detective and the Police Gazette lying around the shop, I said, just kidding her, you know, the way you do with your bride after you've been married 20 or 30 years so she knows how to take a joke.

All right, I hear you, I hear you. You want to know what it was like cutting Clinton's hair before he became famous, speaking of which, did you see the pictures of him at West Point in the paper? I don't want to sound like sour grapes, but I want you to tell me your own personal opinion of that haircut.

But Gore says he's always wanted to know what he'd look like without all that hair for his ears to hunker down and nest in, and this is a good time to find out since his buddy Mr. Clinton has ordered him barbered clippers on the side.

Come to think of it, I could do that myself, couldn't I? If the stars really settle into Washington as the bride says they're bound to.

And I'd say, "Governor, the

Half a Verdict: Psychiatrist 1, Journalist 0

By Jane Gross
New York Times Service

SAN FRANCISCO — The jurors in a \$7.5 million libel suit brought by Jeffrey Masson against Janet Malcolm and The New Yorker magazine have decided in the plaintiff's favor but told the judge that they are deadlocked on damages.

The jurors revealed their findings on the third day of deliberations in a message Wednesday to Judge Eugene F. Lynch of U.S. District Court. They said they had reached unanimous decisions on all the questions except on the amount of damages. Under the judge's instructions, they had to determine that Masson was libeled before moving on to consider damages.

The jury's unusual message means there has been no final verdict in the closely watched case, which could still end in a mistrial, and the judge asked the panel of seven women and one man to continue their deliberations.

But whether there is ultimately a verdict or a mistrial, the jurors' agreement that the writer had libeled Masson was a vindication of sorts for the former psychoanalyst, who has spent nearly a decade pressing his case despite two lower court dismissals.

Malcolm and her lawyer, Gary L. Botwinick, rushed from the courtroom after the announcement, their faces grim. The writer was silent as she hurried to the elevator in the federal courthouse here. Botwinick would say only that "we're not going to talk at all, not a word."

Masson restrained his characteristic chutzpah, as he has through the month-long trial, but his pleasure was apparent in a wide grin as he lowered by the side of his lawyer, Charles O. Morgan Jr., who already scored a big victory for his client when the Supreme Court, in 1991, ruled that this case must go before a jury.

The open question is whether a failure to reach agreement on damages means a new trial on the entire case or merely on the matter of how large a judgment to award Masson. And the judge said nothing about the jury or to the lawyers, to indicate how he would rule on that matter.



David Soter/ART

in Lynch's courtroom. But the testimony offered an unusual, and largely unflattering, peek at how journalism was practiced at one of America's literary institutions, a magazine that in its 58 years has printed landmark works of nonfiction and fiction like Rachel Carson's "Silent Spring" and J.D. Salinger's "Franny and Zooey."

The trial was also great theater, a high-brow soap opera involving stars in the literary, journalistic, legal and psychoanalytic firmament.

And then there were the fierce volleys between two unlikely combatants: a prim East Coast writer in tweeds and spectacles, who blushed at the suggestion that she wanted to visit a nude beach, and an anything-goes West Coast analyst with a year-round tan who only recently renounced his ambition of sleeping with every woman he met.

about him in The New York Times in 1981.

The young Freudian analyst, on the verge of becoming director of the Freud Archives, had been dismissed from his post as curator for delivering a speech that accused Freud of changing his theories about childhood seduction in order to cozy up to his colleagues. Unemployed but unapologetic, the apostate was quoted as saying that if his theories proved correct then every patient since 1901 would have to be recalled — just like a defective automobile.

These impudent words piqued the interest of Malcolm. Many months later she telephoned Masson at his home in Berkeley to propose a profile.

He told her that her call was a fantasy come true, a way to tell his story and to vindicate himself. And who better than Malcolm to do it!

"I knew you could write," he later told her, his words recorded on 40 hours of tape that were played time and again for

PEOPLE

Mia Gets the Go-Ahead On Allen Adoption Case

Mia Farrow can keep trying to nullify Woody Allen's adoptions of two of their children. An appeals court lifted a stay that had delayed her case until after another court decided custody of the two adopted children, Moses, 15, and Dylan, 7, and Setchel, 5, the couple's biological son. A decision on custody is expected this week. Meanwhile, Soon-Yi Previn is looking for an apartment of her own. Previn, the adopted daughter of Farrow and the composer Andre Previn, has been attending college in New Jersey. The custody war between Allen and Farrow erupted when the actress found nude photos of Soon-Yi that Allen had taken.

The fashion designer Christiano Ferré has canceled a gala evening and said the money would go to restore art work at the bomb-damaged Uffizi gallery in Florence. The gala, scheduled for June 24, was have kicked off a trade fair.

Mother Teresa has been named a freeman of Dublin, only the 61st person, and the first man, to receive the honor, similar to a knighthood. She began her religious career at a convent in Dublin 65 years ago.

Rolling Stones Mick Jagger and Keith Richards won the accolades of their peers as they were inducted into the Songwriters' Hall of Fame. Also inducted were Julie Styne, Ray Charles, Paul Anka, Berry Gordie and the late German songwriter Bert Kaempfert and Herb Lubow.

Miss America, who has made AIDS education her cause, was ordered not to utter "condom" or "AIDS" during classroom visits in her native Florida. She got her message across anyway. At a talk Lenora Cornett gave at a Jacksonville high school, she described how doctors wear gloves for their protection. "It is important to put on a glove. Make sure it is a latex glove," she said. "I hope you understand what I said," she said with a wink.

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WEATHER

Forecast for Saturday through Monday, as provided by Accu-Weather.

Table with columns for location, high, low, and temperature. Includes regions like Europe, Asia, Africa, North America, Middle East, Latin America, and Oceania.



North America: Heavy rains in San Francisco over the weekend could be heavy at times. The chance of showers in Los Angeles is a fair occurrence in June. Chance for rain in Baltimore and New York City Saturday, their sunbathers and pleasant Sunday and Monday. Turning warm in Chicago by Monday.

CROSSWORD

New York Times, edited by Eugene Malachuk

Crossword puzzle grid with clues for Across and Down words.

BOOKS

What They're Reading

• Nicolás Sánchez-Albornoz, director of the Instituto Cervantes, is reading "O mo do morte de Ricardo Reis," a novel by the Portuguese writer José Saramago.

TURMOIL AND TRIUMPH: My Years as Secretary of State

By George P. Shultz, 1,184 pages, \$30. Charles Scribner's Sons. Reviewed by Michiko Kakutani

hostages deal was discussed and he did not object to the proposal, despite later assertions that he was "not in the loop."

On Nov. 9, 1986, Shultz recalls, he went to Bush's house and told him that an arms-for-hostages exchange "would never stand up in public." Bush, he writes, "admonished me, asking emphatically whether I realized that there are major strategic objectives being pursued with Iran. He said he was very careful about what he said."

and often tedious narrative that makes infectious, not historical illumination, a goal. As the title "Turmoil and Triumph" indicates, one of Shultz's objectives in the volume is to make a case for the foreign policy achievements of the Reagan administration. He advances the debatable arguments that Reagan's hard-osed dealings with the Soviet leader, Mikhail S. Gorbachev, effectively ended the Cold War, that Reagan was somehow responsible for the spread of democracy in the Western Hemisphere and that Reagan left America "far better off than he found it."

Shultz praises his former boss for his "visionary ideas," his "strong and constructive agenda," his grasp of "the big picture." Yet at the same time, Shultz's blow-by-blow accounts of the Iran-contra

will we." "The president's speech," Shultz now recalls, "convinced me that Ronald Reagan still truly did not believe what had happened had, in fact, happened. To him the reality was different. I had seen him like this before on other issues.

He would go over the 'script' of an event, past or present, in his mind, and once that script was mastered, that was the truth — no fact, no argument, no plea for reconsideration, could change his mind."

Robert C. McFarlane, in the Iran-contra affair had roots in his desire "to be like Henry Kissinger, to do big and dramatic things secretly." As for Defense Secretary Casper W. Weinberger, Shultz says he liked to use a standard Pentagon tactic in White House debates: "When you don't want to do something, agree to do it — but with such an impossible set of conditions and on such a preposterously gigantic scale that the outcome will be to do nothing."

Such cameo portraits, found only sporadically in this volume, provide vivid insights into the Reagan administration, and they help enliven what is all too often a plodding and ponderous book.

Michiko Kakutani is on the staff of The New York Times.

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Table listing international phone numbers for various countries including Australia, Bahrain, Belgium, Czech Rep., Egypt, Finland, France, Germany, Ghana, Greece, Hungary, Ireland, Israel, Italy, Kenya, Kuwait, Luxembourg, Netherlands, Norway, Poland, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, and USA.